

PERAC AUDIT REPORT



Greenfield Contributory Retirement System

JAN. 1, 2002 - DEC. 31, 2004 / PERAC 03: 12-041-33



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PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

May 16, 2006

The Public Employee Retirement Administration Commission has completed an examination of the **Greenfield** Retirement System pursuant to G.L. c. 32, s. 21. The examination covered the period from January 1, **2002** to December 31, **2004**. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00. Additionally, all supplementary regulations approved by PERAC and on file at PERAC are listed in this report.

In our opinion, the financial records are being maintained and the management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission with the exception of those noted in the findings presented in this report.

In closing, I acknowledge the work of examiners Robert Madison and Harry Chadwick who conducted this examination and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,



Joseph E. Connarton
Executive Director



Greenfield Retirement System

EXPLANATION OF FINDINGS AND RECOMMENDATIONS

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

Transfer of Funds

In November 2004, the Treasurer, without the knowledge of the retirement system's director, transferred four separate deposits of \$100,000 into the retirement system's bank account. These monies represented appropriation payments from the city to the retirement system.

Recommendation

The Treasurer's Office must notify the Retirement Board whenever retirement monies are transferred. G.L. c. 32, § 23 (2)(a) states in part that "the county, city or town treasurer, ...shall have the custody of the funds of any such system [and], no voucher shall be drawn unless it shall have been previously authorized by vote of the board." Although the statute does not specifically address monies transferred into the system, good internal controls mandate that the Treasurer notify the retirement system before funds are transferred.

Board Response:

Upon review of the Transfer of Funds finding, please be advised that the Board previously discussed the issue with the Treasurer Marjorie Kelly and she responded by letter dated October 20, 2005. In her letter she stated that all transfers will be made as soon as the signed warrant is received from the Accountant and a copy of the transfer will be attached to a copy of the warrant and forwarded to the Retirement Administrator. I have enclosed a copy of her letter for your records.

This procedure is now being followed each month and we believe that the issue will not arise again.

Final determination

PERAC audit staff will follow-up in six (6) months to ensure appropriate actions have been taken regarding the audit findings.

Greenfield Retirement System

STATEMENT OF LEDGER ASSETS AND LIABILITIES

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

FOR THE PERIOD ENDING DECEMBER 31,			
ASSETS	2004	2003	2002
Cash	\$345,851	\$1,483,486	\$1,793,705
Short Term Investments	0	0	0
Fixed Income Securities (at book value)	0	13,649,049	13,066,664
Equities	14,404,320	9,563,896	7,380,466
Pooled Short Term Funds	0	0	0
Pooled Domestic Equity Funds	4,294,983	3,882,076	2,738,752
Pooled International Equity Funds	3,317,445	1,822,684	1,444,391
Pooled Global Equity Funds	0	0	0
Pooled Domestic Fixed Income Funds	10,493,620	0	0
Pooled Real Estate Funds	4,307,262	1,881,104	1,738,856
PRIT Core Fund	0	1,782,805	1,415,494
Interest Due and Accrued	355	140,522	161,728
Accounts Receivable	915,793	656,415	742,710
Accounts Payable	(203,974)	(158,168)	(199,102)
TOTAL	<u>\$37,875,655</u>	<u>\$34,703,868</u>	<u>\$30,283,666</u>
FUND BALANCES			
Annuity Savings Fund	\$9,692,094	\$9,323,216	\$8,791,969
Annuity Reserve Fund	3,925,686	3,707,546	3,497,217
Pension Fund	3,110	632	0
Military Service Fund	3,229,384	3,751,428	4,342,133
Expense Fund	0	0	0
Pension Reserve Fund	21,025,381	17,921,046	13,652,347
TOTAL	<u>\$37,875,655</u>	<u>\$34,703,868</u>	<u>\$30,283,666</u>

Greenfield Retirement System

STATEMENT OF CHANGES IN FUND BALANCES

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Beginning Balance (2001)							\$0
Receipts	1,104,474	73,319	1,893,422	0	320,390	(2,953,282)	438,323
Interfund Transfers							0
Disbursements	(132,522)	(273,776)	(2,097,584)	0	(320,390)	0	(2,824,272)
Ending Balance (2002)	971,953	(200,457)	(204,162)	0	0	(2,953,282)	(2,385,949)
Receipts	1,276,957	105,549	1,981,139	633	333,988	4,268,699	7,966,966
Interfund Transfers							0
Disbursements	(268,305)	(372,625)	(2,571,844)	0	(333,988)	0	(3,546,763)
Ending Balance (2003)	1,980,604	(467,533)	(794,867)	633	0	1,315,417	2,034,254
Receipts	1,113,818	113,943	2,271,055	2,476	328,317	3,104,335	6,933,944
Interfund Transfers	(489,123)	489,123	0	0	0	0	0
Disbursements	255,816	384,926	2,793,098	0	328,317	0	3,762,157
Ending Balance (2004)	<u>\$2,861,115</u>	<u>\$520,458</u>	<u>\$4,269,286</u>	<u>\$3,110</u>	<u>\$656,634</u>	<u>\$4,419,752</u>	<u>\$12,730,356</u>

Greenfield Retirement System

STATEMENT OF INCOME

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

	FOR THE PERIOD ENDING DECEMBER 31,		
	2004	2003	2002
Annuity Savings Fund:			
Members Deductions	\$972,812	\$920,486	\$928,120
Transfers from other Systems	73,734	202,652	35,498
Member Make Up Payments and Redeposits	5,756	40,795	17,585
Member Payments from Rollovers	7,556	27,303	0
Investment Income Credited to Member Accounts	53,959	85,722	123,270
Sub Total	<u>1,113,818</u>	<u>1,276,957</u>	<u>1,104,474</u>
Annuity Reserve Fund:			
Investment Income Credited Annuity Reserve Fund	<u>113,943</u>	<u>105,549</u>	<u>73,319</u>
Pension Fund:			
3 (8) (c) Reimbursements from Other Systems	89,895	49,416	47,836
Received from Commonwealth for COLA and Survivor Benefits	156,563	138,859	136,981
Pension Fund Appropriation	<u>2,024,597</u>	<u>1,792,865</u>	<u>1,708,605</u>
Sub Total	<u>2,271,055</u>	<u>1,981,139</u>	<u>1,893,422</u>
Military Service Fund:			
Contribution Received from Municipality on Account of Military Service	2,473	633	0
Investment Income Credited Military Service Fund	<u>4</u>	<u>0</u>	<u>0</u>
Sub Total	<u>2,476</u>	<u>633</u>	<u>0</u>
Expense Fund:			
Expense Fund Appropriation	0	0	0
Investment Income Credited to Expense Fund	<u>328,317</u>	<u>333,988</u>	<u>320,390</u>
Sub Total	<u>328,317</u>	<u>333,988</u>	<u>320,390</u>
Pension Reserve Fund:			
Federal Grant Reimbursement	23,294	30,607	37,018
Pension Reserve Appropriation	0	0	0
Interest Not Refunded	1,301	2,826	1,248
Misc Income	27	5	0
Excess Investment Income	<u>3,079,713</u>	<u>4,235,261</u>	<u>(2,991,549)</u>
Sub Total	<u>3,104,335</u>	<u>4,268,699</u>	<u>(2,953,282)</u>
TOTAL RECEIPTS	<u>\$6,933,944</u>	<u>\$7,966,966</u>	<u>\$438,323</u>

Greenfield Retirement System

STATEMENT OF DISBURSEMENTS

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

FOR THE PERIOD ENDING DECEMBER 31,			
Annuity Savings Fund:	2004	2003	2002
Refunds to Members	\$182,511	\$233,555	\$105,116
Transfers to other Systems	<u>73,305</u>	<u>34,750</u>	<u>27,406</u>
Sub Total	<u>255,816</u>	<u>268,305</u>	<u>132,522</u>
Annuity Reserve Fund:			
Annuities Paid	384,926	351,654	271,068
Option B Refunds	<u>0</u>	<u>20,971</u>	<u>2,709</u>
Sub Total	<u>384,926</u>	<u>372,625</u>	<u>273,776</u>
Pension Fund:			
Pensions Paid			
Regular Pension Payments	2,128,905	1,972,773	1,555,705
Survivorship Payments	107,010	100,701	103,849
Ordinary Disability Payments	22,753	22,155	21,565
Accidental Disability Payments	175,759	179,134	153,772
Accidental Death Payments	111,832	109,674	107,527
Section 101 Benefits	22,274	21,625	20,996
3 (8) (c) Reimbursements to Other Systems	224,567	165,782	134,173
State Reimbursable COLA's Paid	0	0	0
Chapter 389 Beneficiary Increase Paid	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	<u>2,793,098</u>	<u>2,571,844</u>	<u>2,097,584</u>
Military Service Fund:			
Return to Municipality for Members Who Withdrew Their Funds	<u>0</u>	<u>0</u>	<u>0</u>
Expense Fund:			
Board Member Stipend	18,000	17,350	17,750
Salaries	54,459	56,989	91,549
Legal Expenses	0	0	270
Medical Expenses	0	0	63
Travel Expenses	1,463	1,203	1,525
Administrative Expenses	2,635	9,612	1,299
Fiduciary Insurance	2,860	3,519	2,900
Service Contracts	9,028	7,712	8,410
Furniture and Equipment	189	0	5,696
Management Fees	178,933	168,794	144,749
Custodial Fees	39,250	41,934	24,678
Consultant Fees	<u>21,500</u>	<u>26,875</u>	<u>21,500</u>
Sub Total	<u>328,317</u>	<u>333,988</u>	<u>320,390</u>
TOTAL DISBURSEMENTS	<u>\$3,762,157</u>	<u>\$3,546,763</u>	<u>\$2,824,272</u>

Greenfield Retirement System

INVESTMENT INCOME

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

	FOR THE PERIOD ENDING DECEMBER 31,		
	2004	2003	2002
Investment Income Received From:			
Cash	\$7,863	\$19,481	\$32,042
Short Term Investments	0	0	0
Fixed Income	154,969	834,551	845,530
Equities	266,813	148,336	132,453
Pooled or Mutual Funds	292,020	218,115	223,746
Commission Recapture	0	0	0
TOTAL INVESTMENT INCOME	<u>721,666</u>	<u>1,220,483</u>	<u>1,233,771</u>
Plus:			
Realized Gains	966,195	618,857	488,621
Unrealized Gains	4,197,625	4,086,450	1,575,326
Interest Due and Accrued on Fixed Income Securities - Current Year	355	140,522	161,728
Sub Total	<u>5,164,175</u>	<u>4,845,828</u>	<u>2,225,675</u>
Less:			
Paid Accrued Interest on Fixed Income Securities	425	(71,909)	(61,654)
Realized Loss	(853,300)	(531,469)	(2,382,432)
Unrealized Loss	(1,316,509)	(540,686)	(3,337,695)
Interest Due and Accrued on Fixed Income Securities - Prior Year	(140,522)	(161,728)	(152,234)
Sub Total	<u>(2,309,906)</u>	<u>(1,305,792)</u>	<u>(5,934,016)</u>
NET INVESTMENT INCOME	<u>3,575,936</u>	<u>4,760,520</u>	<u>(2,474,569)</u>
Income Required:			
Annuity Savings Fund	53,959	85,722	123,270
Annuity Reserve Fund	113,943	105,549	73,319
Military Service Fund	4	333,988	320,390
Expense Fund	328,317	0	0
TOTAL INCOME REQUIRED	<u>496,223</u>	<u>525,259</u>	<u>516,980</u>
Net Investment Income	<u>3,575,936</u>	<u>4,760,520</u>	<u>(2,474,569)</u>
Less: Total Income Required	<u>496,223</u>	<u>525,259</u>	<u>516,980</u>
EXCESS INCOME TO THE PENSION RESERVE FUND	<u>\$3,079,713</u>	<u>\$4,235,261</u>	<u>(\$2,991,549)</u>

Greenfield Retirement System

STATEMENT OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS
Cash	\$345,851	1.04%
Short Term	0	0.00%
Fixed Income	0	0.00%
Equities	14,404,320	43.26%
Pooled Domestic Equity Funds	4,294,983	12.90%
Pooled International Equity Funds	3,317,445	9.96%
Pooled Domestic Fixed Income Funds	10,493,620	31.52%
Pooled Real Estate Funds	437,262	1.31%
PRIT Cash Fund	0	0.00%
PRIT Core Fund	0	0.00%
GRAND TOTALS	<u>\$33,293,481</u>	<u>100.00%</u>

For the year ending December 31, 2004, the rate of return for the investments of the **Greenfield** Retirement System was 10.46%. For the five-year period ending December 31, 2004, the rate of return for the investments of the **Greenfield** Retirement System averaged 3.79%. For the nineteen-year period ending December 31, 2004, since PERAC began evaluating the returns of the retirement systems, the rate of return of the investments of the **Greenfield** Retirement System was 9.72%.

Greenfield Retirement System

SUPPLEMENTARY INVESTMENT REGULATIONS

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

The **Greenfield** Retirement System submitted the following supplementary investment regulations, which were approved by PERAC :

April 17, 1989

(1) Real estate investments shall not exceed 2.5% of the total book value of the portfolio at the time of purchase and shall consist of real estate trusts and limited partnerships, provided that:

- (a) trust participants and limited partners do not participate in the selection of trustees or general partners and should a trust participant or limited partner be required to participate in the selection of a trustee or general partner, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action, and
- (b) such trustees or general partners retain authority in the decision making process, and
- (c) should an investment in a trust or limited partnership result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture of said trust or limited partnership is prudent.

September 30, 1993

20.04(1) United States based corporations and equities of foreign corporations.

20.07(5) Equity investments shall be made only in securities listed on a United States stock exchange, traded over the counter in the United States, or listed and traded on a foreign exchange.

October 31, 1996

20.07(9) Commingled real estate shall not exceed 10% of the total book value of the portfolio at the time of purchase provided that:

- (a) the retirement board does not participate in the selection of personnel responsible for making real estate investments and should this be required, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action;
- (b) such personnel retain authority in the decision making process, and
- (c) should an investment in real estate result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture is prudent.

June 12, 2000

(1) The Greenfield Retirement Board, in response to PERAC Memo #44/99, has reviewed and eliminated supplemental regulations, with the aid of consultant Segal Advisors, with regards to restrictions on the percentage of holdings of equity and fixed income securities.

The following supplemental regulations were eliminated:

(a) September 30, 1993

20.03(1) Equity investments shall not exceed 40% of the portfolio valued at market, including international equities, which shall not exceed 5% of the portfolio valued at market.

(b) October 31, 1996

20.03(1) Equity investments shall not exceed 60% of the portfolio valued at market, including international equities, which shall not exceed 15% of the portfolio valued at market.

Greenfield Retirement System

SUPPLEMENTARY INVESTMENT REGULATIONS

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

July 6, 2000

Restrictions pertaining to real estate and alternative investments contained in 840 CMR 19.01 remain in effect.

October 15, 2004

16.08 In accordance with Investment Guideline 99-2, the Greenfield Retirement Board is authorized to modify its fixed income mandate with Fidelity Management Trust Company. In order to gain broader diversification in its fixed income investments, the Board is transferring its assets from the Fidelity Broad Market Duration Commingled Pool, a “core” portfolio, to the FMTC Core Plus fund.

December 7, 2004

16.33 In accordance with Investment Guideline 99-2, the Greenfield Retirement Board is authorized to modify its fixed income mandate with Fidelity Management Trust Company. In order to achieve greater diversification in its fixed income portfolio, the Board is transferring from Fidelity’s “core” portfolio to its “core plus” portfolio.

Greenfield Retirement System

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

NOTE 1 - THE SYSTEM

The plan is a contributory defined benefit plan covering all **Greenfield** Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

Instituted in 1937, the System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

The system provides for retirement allowance benefits up to a maximum of 80% of a member's highest three year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 75 - 85% pension and 15 - 25% annuity.

Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Members joining the retirement system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Executive Director of PERAC according to statute. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustment granted between 1981 and 1997 and any increase in other benefits imposed by state law during that period are borne by the state.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as indicated on the most recent funding schedule as approved by PERAC's Actuary. Until recently, retirement systems were paying only the actual retirement benefits that were due each year.

Greenfield Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

Systems had no statutory authorization to put aside any money for the future benefits of employees who are now working. Large unfunded liabilities resulted from operating upon this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations.

In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the retirement systems' unfunded liabilities, and in some systems have actually eliminated such liability.

Administrative expenses are funded through investment income of the system.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veteran's status, and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Executive Director of Public Employee Retirement Administration Commission.

The Annuity Savings Fund is the fund in which members' contributions are deposited. Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Voluntary contributions, redeposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

Greenfield Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS

The **Greenfield** Retirement System submitted the following supplementary membership regulations, which were approved by PERAC on:

May 25, 2004 (revised)

MEMBER UNITS

1. Town of Greenfield
2. Franklin County Technical School
3. Greenfield Housing Authority

Greenfield Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

ELIGIBILITY

1. Requirement for membership
 - a. Minimum of 20 hours per week
 - b. Permanent basis
 - c. Fire Call force
 - d. Police Reserve
 - e. Any paid official elected by popular vote can request to be a member by filing on a prescribed form written within 90 days after the date of assuming office.
2. Ineligible
 - a. Temporary, Seasonal or Intermittent Employees
 - b. Franklin Hampshire Employment & Training Consortium (C.E.T.A.)
 - c. Crossing Guards
 - d. Poll workers
 - e. Tobacco Grants
 - f. Teachers
 - g. School nurses
4. Creditable Service
 - a. Full-time members will receive one year of creditable service based on regular schedule worked for their department on a weekly basis. ***Revised and renumbered 5/25/04.***
 - b. If a member works less than their normal scheduled workweek creditable service will be prorated accordingly. ***Revised and renumbered 5/25/04.***
 - c. Teacher's Aides, School Lunch Employees & School Bus Drivers will receive 9 months of creditable service for each school year worked. If additional service were rendered in the summer months, creditable service would be adjusted. ***Revised and renumbered 5/25/04.***
 - d. ***Revised rule 4a, 4b, 4c 5/25/04. Rule now provides: All full time and part time members who work a minimum of twenty hours per week shall be granted one full year of***
 - e. The Board shall credit as full time service not to exceed five years, that period of time during which a reserve or intermittent police officer or reserve, permanent intermittent or call fire fighter was on his/her respective list and was eligible for assignment to duty. In addition to the five years of creditable service allowed, the Board shall credit one day of service for each day worked in any year subsequent to the fifth year. Credit for such service shall not be

Greenfield Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

conditioned upon the appointment as a permanent member of the police or fire department. (Chapter 32, section 4(2)(B) & 4(2)(B1/2)) Town accepted 4/16/03.

- f. Elected officials receive a full year of creditable service for each year or partial year served.
- g. Members that had been employed on a full-time basis, and left their accumulated deductions in the system, shall remain a member with a deduction for hours prorated on actual hours worked if their hours of employment are reduced. ***Revised and renumbered 5/25/04.***
- h. ***Revised rule 4g, 5/25/04. Rule now provides: Upon becoming a member an employee may buy back time worked at less than twenty hours per week when they were ineligible for membership. Members who have their hours reduced to less than twenty hour per week shall continue membership with their creditable service prorated. Proration of part time creditable service (less than 20 hours per week) shall be based on full time equivalency of twenty hours per week.***
- i. Full-time creditable service will be given to all inspectors: electrical, plumbing, sealer of weights and measures.

RETIREMENT DEDUCTIONS REQUIRED

- 1. Base pay
- 2. Longevity
- 3. Incentive
- 4. Holiday Pay
- 5. Shift Differential
- 6. Pay above grade
- 7. Retroactive pay increases on the above pay types

PAY TYPES NOT ELIGIBLE FOR RETIREMENT DEDUCTIONS

- 1. Overtime
- 2. Clothing Allowance
- 3. Roll Call – Police Department
- 4. Pays received in lieu of working
- 5. Bonus
- 6. EARLY RETIREMENT INCENTIVES
- 7. Payments as a result of the member giving notice of retirement
- 8. On call coverage
- 9. Range pay – Police Department
- 10. Dry cleaning
- 11. Time Bank

Greenfield Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

VETERAN'S BUY-BACKS PURSUANT TO CHAPTER 71 OF THE ACTS OF 1996

1. A veteran has 180 days to respond after being notified of his/ her right to purchase his/her military service. Information & forms required will be provided.
 - a. Veteran shall provide a form DD-214 showing eligibility as a "Veteran".
 - b. If eligible for creditable service, up to four years may be purchased.
 - c. Lump sum payment, partial payments, or minimum \$20.00 weekly payroll deductions are accepted. Payments must be completed within 5 years from the date the Board approves the application.

CALCULATIONS

1. Part-time member will have their three-year average based on creditable service awarded. For instance a teacher's aide would have four school terms used to calculate their three-year average.
2. Full-time member's three-year average shall be calculated on their highest three-year average.

RETIREMENT PAYROLL

1. Payroll to be dated the last working day of the month.

September 23, 2004

Supplemental regulations related to travel as submitted on August 27, 2003 was approved and is consistent with 840 CMR 2.00 et seq. And all provisions of 840 CMR 2.0, including 840 CMR 2.14 on violations will apply to the Board.

Greenfield Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five person Board of Retirement consisting of the Town Accountant who shall be a member ex officio, a second member appointed by the governing authority, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Ex officio Member: Michael A. Kociela

Appointed Member: Betty Rice

Elected Member: William L. Devino Term Expires: 8/7/06

Elected Member: Dennis L. Helmus Term Expires: 12/19/05

Appointed Member: Frances K. Stotz Term Expires: 12/30/07

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board and are then submitted to the PERAC Actuary for verification prior to payment. All expenses incurred by the System must be approved by at least two members of the Board.

The following retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts as follows:

Treasurer - Custodian:)		
Ex officio Member:)	\$50,000,000	Fiduciary Liability
Elected Member:)	\$ 1,000,000	Commercial Crime/
Appointed Member:)		Employee Dishonesty
Staff Employee:)		

Greenfield Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by **PERAC** as of **January 1, 2003**.

The actuarial liability for active members was	\$27,940,831
The actuarial liability for vested terminated members was	865,682
The actuarial liability for non-vested terminated members was	232,900
The actuarial liability for retired members was	28,120,135
The total actuarial liability was	57,159,548
System assets as of that date were (actuarial value)	39,090,001
The unfunded actuarial liability was	<u>\$18,069,547</u>
The ratio of system's assets to total actuarial liability was	68.4%
As of that date the total covered employee payroll was	\$11,673,582

The normal cost for employees on that date was 5.40% of payroll

The normal cost for the employer was 5.00% of payroll

The principal actuarial assumptions used in the valuation are as follows:

Investment Return: 8.50% per annum

Rate of Salary Increase: 5.00% per annum

GASB STATEMENT NO. 25, DISCLOSURE INFORMATION AS OF JANUARY 1, 2003

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Cov. Payroll ((b-a)/c)
1/1/2003	\$ 34,826,216	\$ 52,857,297	\$ 18,031,081	65.9%	\$ 11,668,354	154.5%
1/1/2001	\$ 34,400,927	\$ 45,223,388	\$ 10,822,461	76.1%	\$ 11,319,477	95.6%
1/1/1998	\$ 24,603,877	\$ 35,679,028	\$ 11,075,151	69.0%	\$ 8,853,923	125.1%

Greenfield Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2004

NOTE 6 - MEMBERSHIP EXHIBIT

Retirement in Past Years	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Superannuation	2	8	8	5	8	9	8	31	10	10
Ordinary Disability	0	0	0	0	0	0	0	0	0	0
Accidental Disability	0	1	1	1	0	0	0	0	1	0
Total Retirements	2	9	9	6	8	9	8	31	11	10
Total Retirees, Beneficiaries and Survivors	187	185	187	189	190	190	188	210	211	212
Total Active Members	433	425	398	426	421	452	442	401	417	393
Pension Payments										
Superannuation	\$1,055,231	\$1,050,979	\$1,100,693	\$1,156,443	\$1,263,957	\$1,348,835	\$1,459,285	\$1,555,705	\$1,972,773	\$2,128,905
Survivor/Beneficiary Payments	111,921	108,799	113,101	123,259	122,299	122,202	109,371	103,849	100,701	107,010
Ordinary Disability	16,030	16,108	16,498	10,010	6847	21,552	20,981	21,565	22,155	22,753
Accidental Disability	76,345	83,494	130,610	121,189	145,656	149,735	151,337	153,772	179,134	175,759
Other	<u>192,673</u>	<u>200,375</u>	<u>226,097</u>	<u>253,271</u>	<u>133,288</u>	<u>134,321</u>	<u>129,298</u>	<u>262,695</u>	<u>297,081</u>	<u>358,672</u>
Total Payments for Year	<u>\$1,452,200</u>	<u>\$1,459,755</u>	<u>\$1,586,999</u>	<u>\$1,664,172</u>	<u>\$1,672,047</u>	<u>\$1,776,645</u>	<u>\$1,870,272</u>	<u>\$2,097,584</u>	<u>\$2,571,844</u>	<u>\$2,793,098</u>

PERAC

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